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increase under Police is due to the extra expenditure that had to be incurred in the year for the formation of a Special Armed Reserve Police and the enrolment of Special Police for the preservation of peace and order in the country, which were disturbed by the Civil disobedience Movement. Under Buildings, Communications and Miscellaneous Public Improvements, the increase is due to the additional grants sanctioned in the course of the year for urgent works. The increase under Superannuation Allowances and Pensions is due to the increase in the retirement list.

8. On the capital section, sale proceeds of Government lands are expected to bring in Rs. 2 lakhs against the budget estimate of Rs. 2.5 lakhs and Rs. 1·91 lakhs has been received from the Travancore Sugars and Chemicals Ltd., on account of the sale of the Government Distillery at Nagercoil. A total outlay of Rs. 23·30 lakhs is now expected on our non-productive schemes and works against the budgeted expenditure of Rs. 33 50 lakhs. In the result, a net outgoing of Rs. 20·20 lakhs is expected this year against Rs. 29·57 lakhs anticipated in the budget. The Government Balance is now expected to be Rs. 28·23 lakhs, at the close of the current year.

BUDGET ESTIMATES FOR 1115.

9. I shall now pass on to the budget estimates for the ensuing year. The estimates have been framed on the data now available and in the expectation of the continuance of the present normal conditions and of a normal season as to both of which the forecasts are propitious. The estimated revenue for the next year is Rs. 263·79 lakhs and the programme of expenditure charged to this revenue has been fixed at Rs. 261·09 lakhs leaving a surplus of Rs. 2·70 lakhs. The receipts from the sale of Government lands are expected to bring in Rs. 2·5 lakhs and the programme of capital expenditure on non-productive works is estimated at Rs 24·5 lakhs. The capital outlay on productive works aggregating to Rs 27·75 lakhs has been provided for under the Debt Head section of the budget. We shall thus be drawing from our accumulated surplus Rs 19·30 lakhs in the next year. In the result, the Government Account balance is expected to stand at Rs 8·93 lakhs.

REVENUE.

10. The budgeted revenue of Rs. 263·79 lakhs for the next year is expected to be better than the anticipated revenue for the current year by Rs 7·52 lakhs. The main items which, it is hoped, will contribute to the increase are Taxes on Income (·60), Excise (2·78), Forests (·94), Stamps (·80), Currency and Mint (1·45), Commercial Transport (2·26) and Ceramic Factory (·85). The increase under Taxes on Income is expected mainly under income derived from business as a result of the activities of the department in detecting fresh cases of

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evasion of Income Tax and thus increasing the number of assessees. Under Excise, the expected increase is chiefly under Tobacco, due to the enhancement of duty on Jaffna Tobacco, from B. Rs. 135 to B. Rs. 200 per candy with effect from the 1st July 1939. Forest revenue is expected to be better than the revised estimate by Rs .94 of a lakh due to the expected increase in sales and the receipt of better prices for our timber including soft woods as a result of the efforts of the Development Department. Treated timber is also proposed to be utilised for works in place of steel and cement thus increasing the sales of the department. Under Stamps, an increase of Rs ·80 of a lakh is anticipated on the assumption of the revival of normal business activities. The Court Fee Inspectors whose appointments are proposed to be continued next year are also expected to contribute to the increase by detecting cases of loss of Stamp revenue due to the non-observance of the provisions of the Stamp Act. Interest receipts are expected to be better than the current year's anticipated revenue on account of the premium of Rs ·89 of a lakh on reconversion of our securities in the 5 per cent. Loan of 1939-44 for Rs. 33 lakhs which was redeemed at par on the 15th July 1939, into the new 3 per cent Loan of 1963·65. As already explained, the minting of our half rupee 'Chitra' coins which have been declared unlimited legal tender with the concurrence of the Government of India was not taken up this year. But as the stock of silver coins in the Treasuries is not sufficient to meet the requirements, it is proposed to mint next year Chitra Coins to the face value of Rs 3 lakhs in the Government Mint at Bombay instead of at Birmingham as hitherto. In this connection, I am glad to inform the House that the Government of India have readily agreed to supply the silver required for the minting of the coins on a duty-free basis. The gain on this minting of the coins is expected to amount to about Rs 1·50 lakhs, The expected improvement in the net receipts of the commercial Transport Scheme is due to the prevalence of normal conditions, to the enhanced receipts next year from the lorry service between Munnar and Cochin and to the proposed opening of new lines. The current year's receipts under Commercial Transport were only Rs ·40 of a lakh on account of a special feature *i. e.*, the adjustment of depreciation, interest and other charges of 1113 also against the current year's receipts. The Ceramic Factory is expected to start work on a commercial scale very shortly. Besides large scale washing of China clay for which there is a ready market, the manufacture of drainage pipes, pickle jars, sanitary wares etc., is also proposed to be taken up. This accounts for the increase in receipts under Ceramic Factory.

Decrease in revenue to the extent of Rs 3·93 lakhs is also expected under some of the major heads of which the important ones are Excise-duty on Matches (2·57), and Scientific and Miscellaneous Departments (·98). The revised estimate for the current year under Excise duty on Matches includes our share in the common pool for the year 1937—38 and for eleven months in 1938—39, *i. e.* up to February 1939 as a result of the revised accounting procedure adopted by the Central Government, while the normal receipt alone is budgeted for the next year,

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The increase in the current year's receipt under Scientific and Miscellaneous Departments is special to the year for reasons already explained.

EXPENDITURE CHARGED TO REVENUE.

11. The expenditure proposed to be made from the revenue of Rs 263·79 lakhs budgeted for the next year has been fixed at Rs 261·09 lakhs. This exceeds the revised estimates for the current year by Rs 4·01 lakhs. The programme of expenditure for the various departments has been subjected to careful scrutiny both by the Government and the Standing Finance Committee of the Legislature and the allotments fixed with due regard to the needs of progressive administration on the one hand and the necessity for rigid economy on the other. I shall now pass on to a brief survey of the more important features of the next year's programme of expenditure.

12. *Land Revenue.* Over and above the provision for the normal activities of the Department, the necessary allotment has been made in the Land Revenue budget for the continuance of certain important special items of work such as the Jenmikaram Settlement Operations, which are nearing completion, the survey of Minor Circuits and the demarcation and survey of encroachments within the Cardamom Hills Reserve. But the one outstanding feature of the Land Revenue budget for the next year, a feature of particular interest to the ryot, is a lump sum provision of Rs 20,000 for working out a scheme for bringing up-to-date the records relating to land, which had of late been falling into arrears owing to a substantial reduction of the Land Records Maintenance staff in 1107 as a measure of retrenchment.

13. *Income Tax.* The Income Tax Department, which had at first been only an adjunct of the Land Revenue Department, but which was separated therefrom and organised as a self-contained unit at the commencement of this year, on a temporary basis under a Deputy Commissioner of Income Tax, is proposed to be made permanent from next year, in view of the appreciable improvements in assessment and collections resulting from the separation. The Land Revenue and Income Tax Commissioner will, however, continue to excercise superior control over the department as the Chief Revenue authority.

14. *Excise.* It has not yet been possible to arrive at a correct estimate of the work of the special temporary executive staff appointed in 1113 and continued during the current year, for the prevention of smuggling and the conservation of Excise revenue especially in the frontiers ; for, though this staff has been in existence for over a year and a half, the effects of their work on the Excise revenue of the State had been considerably vitiated by the concurrent effects of the general political unrest, from which we are just emerging, and it may take some time more for the staff to show their real usefulness. Government, however, feel that the Excise revenues of the State during

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